

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1824 be amended to read as follows:

1 Page 5, between lines 27 and 28, begin a new paragraph and insert:
2 "SECTION 5. IC 8-1-8.4 IS ADDED TO THE INDIANA CODE AS
3 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
4 PASSAGE]:

5 **Chapter 8.4. Electric Line Facilities Projects**

6 **Sec. 1. As used in this chapter, "commission" refers to the**
7 **Indiana utility regulatory commission created by IC 8-1-1-2.**

8 **Sec. 2. As used in this chapter, "electric line facilities" means**
9 **the following:**

10 **(1) Overhead or underground electric transmission lines.**

11 **(2) Overhead or underground electric distribution lines.**

12 **(3) Electric substations.**

13 **Sec. 3. As used in this chapter, "electric line facilities project"**
14 **means the construction, operation, maintenance, reconstruction,**
15 **relocation, addition to, upgrading of, or removal of electric line**
16 **facilities.**

17 **Sec. 4. As used in this chapter, "electricity supplier" means a**
18 **public utility that furnishes retail electric service to the public.**

19 **Sec. 5. As used in this chapter, "public utility" has the meaning**
20 **set forth in IC 8-1-2-1.**

21 **Sec. 6. As used in this chapter, "regional transmission**
22 **organization" refers to the regional transmission organization**
23 **approved by the Federal Energy Regulatory Commission for the**
24 **control area in which an electricity supplier operates electric line**
25 **facilities.**

26 **Sec. 7. The commission shall encourage electric line facilities**
27 **projects by creating the following financial incentives for electric**
28 **line facilities that are reasonable and necessary:**

29 **(1) The timely recovery of costs incurred by an electricity**
30 **supplier in an electric line facilities project.**

31 **(2) The timely recovery of costs, by means of a periodic rate**

adjustment mechanism, incurred by an electricity supplier taking service under a tariff of, or being assessed costs by, a regional transmission organization.

Sec. 8. (a) An electricity supplier must submit an application to the commission for approval of an electric line facilities project for which the electricity supplier seeks to receive a financial incentive created under section 7 of this chapter.

(b) The commission shall prescribe the form for an application submitted under this section.

(c) Upon receipt of an application under subsection (a), the commission shall review the application for completeness. The commission may request additional information from an applicant as needed.

(d) The commission shall, after notice and hearing, issue a determination of an electric line facilities project's eligibility for the financial incentives described in section 7 of this chapter not later than one hundred eighty (180) days after the date of the application.

(e) Subject to subsection (g), the commission shall approve an application by an electricity supplier for an electric line facilities project that is reasonable and necessary. An electric line facilities project is presumed to be reasonable and necessary if the electric line facilities project is consistent with, or part of, a plan developed by the regional transmission organization.

(f) This section does not relieve an electricity supplier of the duty to obtain any certificate required under IC 8-1-8.5 or IC 8-1-8.7.

(g) The commission shall not approve a financial incentive for that part of an electric line facilities project that exceeds the lesser of:

(1) five percent (5%) of the electricity supplier's rate base approved by the commission in the electricity supplier's most recent general rate proceeding; or

(2) one hundred million dollars (\$100,000,000).".

Page 12, between lines 3 and 4, begin a new paragraph and insert:

"Sec. 8. (a) As used in this section, communications service has the meaning set forth in IC 8-1-32.5-3.

(b) An electric utility that receives one (1) or more incentives under section 7 of this chapter shall notify the commission not later than one hundred twenty (120) days before using, either directly or indirectly through an affiliate or an unaffiliated third party, any:

(1) infrastructure;

(2) equipment; or

(3) other facilities;

with respect to which the incentives are received, to provide broadband over power lines or other communications service.

(c) Any incentives received by an electric utility under section 7 of this chapter terminate at such time as any infrastructure,

equipment, or other facilities described in subsection (b) are used, either directly by the electric utility or indirectly through an affiliate or an unaffiliated third party, to provide broadband over power lines or other communications service. Not later than sixty (60) days after the date that the infrastructure, equipment, or other facilities described in subsection (b) are first used, either directly by the electric utility or indirectly through an affiliate or an unaffiliated third party, to provide broadband over power lines or other communications service, the electric utility shall refund to its Indiana electric customers all incentives received by the electric utility under section 7 of this chapter, plus interest.

SECTION 12. IC 8-1-35 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 35. Renewable Energy Development

Sec. 1. As used in this chapter, "electricity supplier" means a public utility (as defined in IC 8-1-2-1) that furnishes retail electric service to the public. The term does not include a utility that is:

- (1) a municipally owned utility (as defined in IC 8-1-2-1(h));
- (2) a corporation organized under IC 8-1-13; or
- (3) a corporation organized under IC 23-17 that is an electric cooperative and that has at least one (1) member that is a corporation organized under IC 8-1-13.

Sec. 2. As used in this chapter, "fund" refers to the renewable energy resources fund established by section 8 of this chapter.

Sec. 3. As used in this chapter, "regional transmission organization" refers to a regional transmission organization approved by the Federal Energy Regulatory Commission for the geographic area in which an electricity supplier's assigned service area (as defined in IC 8-1-2.3-2) is located.

Sec. 4. As used in this chapter, "renewable energy credit", or "REC", means one (1) megawatt hour of electricity that:

- (1) is:
 - (A) generated from a renewable energy resource described in section 5(a)(1) through 5(a)(12) of this chapter; or
 - (B) conserved through the use of a renewable energy resource described in section 5(a)(13) of this chapter;
- (2) is quantifiable; and
- (3) is possessed by not more than one (1) entity at a time.

Sec. 5. (a) As used in this chapter, "renewable energy resources" includes the following sources and programs for the production or conservation of electricity:

- (1) Dedicated crops grown for energy production.
- (2) Methane systems that convert waste products, including animal, food, and plant waste, into electricity.
- (3) Methane recovered from landfills.
- (4) Wind.
- (5) Hydropower, other than hydropower involving the

1 construction of new dams or the expansion of existing dams.

2 (6) Solar photovoltaic cells and panels.

3 (7) Fuel cells that directly convert chemical energy in a
4 hydrogen rich fuel into electricity.

5 (8) Sawmill waste, other than waste derived from virgin
6 timber.

7 (9) Agricultural crop waste.

8 (10) Waste coal.

9 (11) Clean coal and energy projects (as defined in
10 IC 8-1-8.8-2).

11 (12) Combined heat and power systems that:

12 (A) use natural gas or renewable energy resources as
13 feedstock; and

14 (B) achieve at least seventy percent (70%) overall
15 efficiency.

16 (13) Demand side management or efficiency programs that
17 reduce electricity consumption or implement load
18 management or demand response technologies that shift
19 electric load from periods of higher demand to periods of
20 lower demand, including the following:

21 (A) Home weatherization.

22 (B) Appliance efficiency modifications and replacements.

23 (C) Lighting efficiency modifications.

24 (D) Heating and air conditioning modifications or
25 replacements.

26 (b) The term does not include energy from the incineration,
27 burning, or heating of the following:

28 (1) Tires.

29 (2) Garbage.

30 (3) General household, institutional, or commercial waste.

31 (4) Industrial lunchroom or office waste.

32 (5) Landscape waste.

33 (6) Construction or demolition debris.

34 (7) Feedstock that is municipal, food, plant, industrial, or
35 animal waste from outside Indiana.

36 Sec. 6. (a) Each electricity supplier shall supply electricity that
37 is generated from renewable energy resources described in sections
38 5(a)(1) through 5(a)(12) of this chapter, or that otherwise qualifies
39 as a renewable energy resource under section 5(a)(13) of this
40 chapter, to Indiana customers as a percentage of the total
41 electricity supplied by the electricity supplier to Indiana customers
42 during a calendar year as follows:

43 (1) Not later than the calendar year ending December 31,
44 2010, at least one percent (1%).

45 (2) Not later than the calendar year ending December 31,
46 2012, at least two and one-half percent (2.5%).

47 (3) Not later than the calendar year ending December 31,
48 2016, at least four percent (4%).

For purposes of this subsection, electricity is measured in megawatt hours.

(b) An electricity supplier may use:

- (1) a renewable energy resource described in section 5(a)(10) of this chapter;
- (2) a renewable energy resource described in section 5(a)(11) of this chapter; or
- (3) a combination of renewable energy resources described in section 5(a)(10) and 5(a)(11) of this chapter;

to generate not more than twenty percent (20%) of the electricity that the electricity supplier is required to supply under subsection (a).

(c) An electricity supplier may not use a renewable energy resource described in section 5(a)(12) of this chapter to generate more than ten percent (10%) of the electricity that the electricity supplier is required to supply under subsection (a).

(d) An electricity supplier may use a renewable energy resource described in section 5(a)(13) of this chapter to supply not more than ten percent (10%) of the electricity that the electricity supplier is required to supply under subsection (a).

(e) An electricity supplier may own or purchase RECs to comply with subsection (a).

(f) If an electricity supplier exceeds the applicable percentage under subsection (a) in a compliance year, the electricity supplier may carry forward the amount of electricity that:

- (1) exceeds the applicable percentage under subsection (a); and
- (2) is generated from renewable energy resources in an Indiana facility;

to comply with the requirement under subsection (a) for either or both of the two (2) immediately succeeding compliance years.

(g) An electricity supplier that fails to comply with subsection (a) shall deposit in the fund established by section 8 of this chapter an amount equal to:

- (1) the number of megawatt hours of electricity that the electricity supplier was required to but failed to supply under subsection (a); multiplied by
- (2) fifty dollars (\$50).

(h) An electricity supplier is not required to comply with subsection (a) if the commission determines that the electricity supplier has demonstrated that:

- (1) renewable energy resources or RECs are not available to the electricity supplier in sufficient quantities to allow the electricity supplier to comply with subsection (a); or
- (2) the cost of compliance with subsection (a) using the renewable energy resources available to the electricity supplier would result in an unreasonable increase in the basic rates and charges for electricity supplied to customers of the

electricity supplier.

The commission shall conduct a public hearing to make a determination under this subsection.

(i) If the commission determines under subsection (h) that adequate renewable energy resources are not available or that the cost of available renewable energy resources is not reasonable, the commission shall:

(1) reduce or eliminate the affected electricity supplier's obligations under subsection (a) as appropriate; and

(2) review its determination not more than twelve (12) months after the reduction or elimination under subdivision (1) takes effect.

(j) The commission shall allow an electricity supplier to recover reasonable and necessary costs incurred in:

(1) constructing, operating, or maintaining facilities to comply with this chapter; or

(2) generating electricity from, or purchasing electricity generated from, a renewable energy resource;

by a periodic rate adjustment mechanism.

Sec. 7. (a) For purposes of calculating RECs to determine an electricity supplier's compliance with section 6(a) of this chapter, the following apply:

(1) Except as provided in subdivisions (2) through (4), one (1) megawatt hour of electricity generated from renewable energy resources in an Indiana facility equals one (1) REC.

(2) One (1) megawatt hour of electricity generated from a renewable energy resource described in section 5(a)(2), 5(a)(3), 5(a)(4), or 5(a)(8) of this chapter that originates in Indiana equals one and three-tenths (1.3) RECs.

(3) One (1) megawatt hour of electricity that is:

(A) generated from a renewable energy resource in the territory of a regional transmission organization; and

(B) imported into Indiana;

equals five-tenths (0.5) REC.

(4) One (1) megawatt hour of electricity that is generated by a renewable energy resource described in section 5(a)(12) of this chapter in Indiana equals five-tenths (0.5) REC.

(b) Electricity generated by any source outside the territory of a regional transmission organization may not be considered for purposes of calculating an REC to determine an electricity supplier's compliance with section 6(a) of this chapter.

(c) An electricity supplier may satisfy not more than ten percent (10%) of the electricity supplier's requirement under section 6(a) of this chapter by owning or purchasing RECs calculated under subsection (a)(4).

(d) An electricity supplier may not apportion all or part of a single megawatt of electricity among:

(1) more than one (1) renewable energy resource; or

(2) more than one (1) category set forth in subsection (a);
in order to comply with section 6(a) of this chapter.

Sec. 8. (a) The renewable energy resources fund is established
to:

(1) support the development, construction, and use of
renewable energy resources, including small scale renewable
energy resources, in rural and urban Indiana; and

(2) reimburse the Indiana economic development corporation
and the commission for expenses incurred under section 9 of
this chapter.

(b) The fund consists of the following:

(1) Money deposited under section 6(g) of this chapter.

(2) Money from any other source that is deposited in the fund.

(c) The Indiana economic development corporation shall
administer the fund.

(d) The expenses of administering the fund shall be paid from
money in the fund.

(e) The treasurer of state shall invest the money in the fund not
currently needed to meet the obligations of the fund in the same
manner as other public money may be invested. Interest that
accrues from these investments shall be deposited in the fund.

(f) Money in the fund at the end of a state fiscal year does not
revert to the state general fund.

Sec. 9. (a) This section applies if there is sufficient money in the
fund established by section 8 of this chapter to reimburse the
Indiana economic development corporation and the commission
for expenses incurred under subsection (b).

(b) The Indiana economic development corporation, in
consultation with the commission, shall develop a strategy to
attract renewable energy manufacturing facilities, including wind
turbine component manufacturers, to Indiana.

Sec. 10. Beginning in 2017, and not later than March 1 of each
subsequent year, an electricity supplier shall file with the
commission a report of the electricity supplier's compliance with
this chapter for the preceding calendar year.

Sec. 11. The commission shall adopt rules under IC 4-22-2 to
implement this chapter.

SECTION 13. [EFFECTIVE JULY 1, 2007] (a) Not later than
April 1, 2013, the Indiana utility regulatory commission shall
submit a report in an electronic format under IC 5-14-6 to the
general assembly. A report submitted under this SECTION must
include:

(1) an analysis of; and

(2) any legislative proposals the commission believes would
increase;

the effectiveness of and industry compliance with IC 8-1-35, as
added by this act.

(b) This SECTION expires January 1, 2015."

- 1 Renumber all SECTIONS consecutively.
 (Reference is to EHB 1824 as printed March 30, 2007.)

Senator HERSHMAN